

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA**

Carrea Christopher v. Santander Consumer USA Inc.

Christopher · No. 3:23-cv-01608-JAH-DEB · Decided September 29, 2025

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 SOUTHERN DISTRICT OF
CALIFORNIA 10 11 CARREA CHRISTOPHER, Case No.: 3:23-cv-01608-JAH-DEB 12
Plaintiff, ORDER DENYING MOTION TO 13 v. LIFT STAY & MOTIONS FOR SANCTIONS
14 SANTANDER CONSUMER USA Inc., 15 Defendant. [ECF Nos. 19, 24, 25] 16 17
BACKGROUND 18 On December 27, 2024, Plaintiff Carrea Christopher (“Plaintiff”) filed a
motion to 19 lift the stay in the above-entitled matter.

ECF No. 19. On April 15, 2025, the Court set a 20 briefing schedule on Plaintiff’s motion to lift
the stay (ECF No. 21), and on May 30, 2025, 21 Defendant Santander Consumer USA Inc.
 (“Defendant”) filed its response in opposition 22 (ECF No. 23).

On June 20, 2025, Plaintiff also filed two motions for sanctions against 23 Defendant pursuant to
Federal Rule of Civil Procedure 11. ECF Nos. 24, 25. Defendant 24 has responded to one of
Plaintiff’s motions for sanctions, ECF No. 26, but has not 25 addressed the arguments present in
Plaintiff’s second motion for sanctions in ECF No. 25. 26 Defendant has also filed a response to
Plaintiff’s filings regarding the status of arbitration, 27 ECF No. 28, and Plaintiff has replied to
Defendant’s response.

ECF No. 29. 28 1 a. Procedural Background 2 Earlier in the above-entitled matter, the Court
granted Defendant’s motion to compel 3 arbitration on August 29, 2024. ECF No. 18. The Court
found that (1) the Federal 4 Arbitration Act, 9 U.S.C. §§ 2 et seq., applied to the contract signed
between Plaintiff and 5 Defendant given the agreement’s arbitration clause, (2) the agreement was
valid, and (3) 6 Plaintiff’s claims were covered by the scope of the arbitration clause.

Id. at 4-7. The Court 7 also granted Defendant’s request to stay the matter in order to allow the
case to proceed in 8 arbitration pursuant to 9 U.S.C. § 3. Id. at 8. 9 b. Factual Background 10
Plaintiff’s complaint alleges that Knight Brook Insurance, Bridger Insurance, and 11 Defendant
Santander Consumer USA breached their contract with Plaintiff after Plaintiff’s 12 car was
damaged in a collision.

Compl. at 3 (ECF No. 1).1 Plaintiff alleges that, despite 13 having a valid insurance contract that
would allow Plaintiff to receive an insurance pay- 14 out for Plaintiff to fix his car, Defendant
pressured Plaintiff into declaring the car a total 15 loss. Id. at 4. Plaintiff also alleges that

Defendant made multiple representations to 16 Plaintiff that it “would pay off the vehicle” and that an insurance payment for the car was 17 en route to Plaintiff, but Plaintiff contends he has received no payment to date.

Id. at 5. 18 Instead, Plaintiff alleges that Defendant continued to send him bills requesting payment 19 relating to the car collision. Id. Plaintiff alleges that, even though his contractual rights 20 allowed him to receive an insurance payment from the Defendant to fix his car, Defendant 21 engaged in multiple practices to postpone, “hold[-]up” and delay the insurance payment.

22 Id. at 6. Plaintiff has raised multiple breach of contract claims against Defendant. Id. at 6- 23 9. The Court, in its Order granting the motion to compel arbitration, has previously 24 25 26 27 1 On April 29, 2025, Plaintiff voluntarily dismissed Knight Brook Insurance and Bridger Insurance as named defendants in this case pursuant to Federal Rule of Civil Procedure 28 1 construed Plaintiff’s breach of contract claims “as two separate causes of action: fraud and 2 breach of contract.” ECF No. 18 at 2, n.2.

3 Since the Court’s August 29, 2024 Order granting arbitration in this matter and 4 entering a stay of the civil proceeding pending the outcome of arbitration, no arbitration 5 has been initiated in this case. The case has remained stayed with no adjudication of 6 Plaintiff’s breach of contract claims for over one year.

The parties dispute the reasons for 7 the failure to initiate arbitration in the instant matter. The Court will review Plaintiff’s 8 motion to lift the stay for failure to arbitrate, and Plaintiff’s motion for sanctions against 9 Defendant, in separate sections. 10 I. Plaintiff’s Motion to Lift the Stay 11 Plaintiff moves to lift the stay entered by the Court in ECF No. 18 because Defendant 12 has allegedly delayed or frustrated arbitration.

ECF No. 19 at 2 Plaintiff argues Defendant 13 “never spoke to the Plaintiff, nor made any attempt for an arbitration date.” Id. Plaintiff 14 contends that, given the matter’s pendency since August 31, 2023, Defendant’s failure to 15 initiate arbitration after successfully moving for arbitration constitutes undue delay. Id. 16 Plaintiff has represented that Defendant has responded to none of his many phone calls 17 regarding the status of arbitration, the selection of an arbitration panel, or his attempts to 18 meet-and-confer with the Defendant on setting an arbitration date.

ECF No. 19 at 2, ECF 19 No. 27 at 2. Plaintiff contends that, as recently as August 6, 2025, he has attempted to 20 discuss the status of arbitration with Defendant, with no response from the Defendant. ECF 21 No. 29 at 3. 22 In its response, Defendant has not challenged any factual assertions made by 23 Plaintiff on Defendant’s failure to respond to Plaintiff’s requests to communicate regarding 24 arbitration since the Court’s order granting Defendant’s motion to compel arbitration and 25 its motion to stay the case.

Instead, Defendant argues that it has no burden to facilitate 26 arbitration of the matter after receiving a favorable ruling on the motion to compel 27 arbitration. ECF No. 23 at 2-3. Defendant argues that the burden of initiating arbitration 28 rests entirely with Plaintiff, who has raised claims against the Defendant that are subject to 1 arbitration. *Id.* Defendant contends that Plaintiff is responsible for the delay because 2 Plaintiff has not completed the relevant Consumer Demand for Arbitration Form and has 3 failed to submit the form to the American Arbitration Association, as required under the 4 terms of the contract signed between Plaintiff and Defendant.

Id. 5 Federal courts may lift a stay pending arbitration upon a finding that “the applicant 6 for the stay is...in default in proceeding with such arbitration.” 9 U.S.C. § 3 (allowing for 7 district court to stay proceedings based “on application of one of the parties” seeking 8 arbitration).

The inherent ability of the federal courts to lift a stay pending arbitration 9 “ensures that the parties can return to federal court if arbitration breaks down or fails to 10 resolve the dispute.” *Smith v. Spizzirri*, 601 U.S. 472, 477 (2024). 11 The issue of whether a party has defaulted in proceeding with arbitration is a factual 12 matter that rests within the discretion of the district court.

Sink v. Aden Enter., Inc., 352 13 F.3d 1197, 1199-1200 (9th Cir. 2003) (citing to *Woods v. Saturn Distrib. Corp.*, 78 F.3d 14 424, 427 (9th Cir. 1996)). After arbitration has been ordered, the Federal Arbitration Act 15 permits federal courts “to retain control over the case to the extent necessary to prevent a 16 complete breakdown of the process.” *Morris v. Morgan Stanley & Co.*, 942 F.2d 648, 653 17 (9th Cir.

1991). An arbitration will be deemed to have broken down or failed to resolve a 18 dispute when no adjudication of the claims in arbitration have taken place within a 19 reasonable amount of time. *In re Tre Scalini, Inc.*, 178 B.R. 237, 240 (Bankr. C.D. Cal. 20 1995) (finding that “both parties are in default in proceeding with the arbitration, in 21 consequence of the egregiously long and unexcused delay in commencing or completing 22 the arbitration, which substantially exceeds six months,” and holding that “the stay pending 23 arbitration is no longer mandated” under 9 U.S.C. § 3) (emphasis added).

The key issue is 24 “whether plaintiff or defendant, or both, were responsible for the delay in instituting 25 arbitration proceedings.” *Miller v. Aaacon Auto Transp., Inc.*, 545 F.2d 1019, 1020 (5th 26 Cir. 1977). See also *Morris*, 942 F.2d at 654 (approving the Fifth Circuit’s decision in 27 *Miller*). When a stay obtained pursuant to 9 U.S.C. § 3 is misused “for the purpose of 28 delay,” and when arbitration is “no longer...a valid avenue for the resolution of the state 1 claims”, courts may vacate the stay and proceed to an adjudication of the case.

Morris, 2 942 F.2d at 654. 3 Here, Defendant is the “party initiating arbitration” under the contract at issue. ECF 4 No. 10-1 at 13 (Ex. C) (“Second Extension Agreement”). Under the terms of the

operative 5 agreement's subsection on commencing arbitration, "[t]he party initiating arbitration must 6 choose one of the following arbitration Administrators" listed by the contract and follow 7 their rules and procedures.

Id. Defendant's argument that it has no burden to facilitate 8 arbitration, after initiating and receiving a favorable ruling on its motion to compel 9 arbitration before this Court, is without merit. The Court's conclusion is further supported 10 by the language of the contract, which includes that "either party" has the ability to submit 11 claims for arbitration.

ECF No. 10-1 at 12. Defendant has not shown that, as the party 12 initiating arbitration, it has chosen an arbitration administrator and has followed their rules 13 and procedures as required by the operative contract and its subsection on "Commencing 14 Arbitration." ECF No. 10-1 at 13. See also 9 U.S.C. § 3 (allowing for district court to stay 15 proceedings based "on application of one of the parties" seeking arbitration, provided "the 16 applicant for the stay is not in default in proceeding with such arbitration").

The applicant 17 for the stay in this matter is the Defendant, and Defendant is the party seeking to initiate 18 arbitration of the claims at issue. 19 In addition, Defendant has not addressed any of Plaintiff's allegations of 20 Defendant's failure to respond and communicate with Plaintiff regarding his requests to 21 meet-and-confer on the arbitration this Court ordered.

Defendant has also not responded 22 to the issues Plaintiff has raised relating to the Defendant's multiple voice calls seeking 23 payment from Plaintiff and the letter of repossession Defendant sent to Plaintiff. See ECF 24 No. 25 at 3 (email indicating Plaintiff's "vehicle is currently assigned for repossession and 25 may be picked up soon."). 26 Even if the contract did not place the responsibility of initiating arbitration on the 27 party that has sought to compel arbitration and/or stay a pending adjudication in favor of 28 arbitration, Defendant still bears minimum duties inherent in any civil proceeding to 1 respond to an opposing party's requests to meet-and-confer within a reasonable amount of 2 time.

Plaintiff has represented, and Defendant has nowhere disputed, that Plaintiff has 3 called Defendant multiple times across the past calendar year in order to identify an 4 arbitration date or arbitrator for this dispute, with no response from the Defendant. ECF 5 No. 19 at 2. While Defendant argues that "Plaintiff may initiate arbitration by completing 6 a Consumer Demand for Arbitration Form and submitting it to AAA, along with any other 7 information required" (ECF No. 23 at 2), and that Plaintiff has failed to do so since the 8 August 29, 2024 Order, Defendant has not explained why it has made no efforts to respond 9 to Plaintiff's communications regarding the status of the matter that has been compelled 10 into arbitration by Defendant's motion.

The Court finds even more concerning Plaintiff's 11 proffer that Defendant has emailed him a notice indicating that his "vehicle is currently 12 assigned for repossession and may be picked up

soon.” ECF No. 25 at 3.

The email notice, 13 as provided by Plaintiff, indicates that Plaintiff is “in default of [his] contract terms for 14 failure to make payments.” Id. Plaintiff also represents that Defendant has left multiple 15 harassing voicemails on his personal phone regarding his car payments, and Plaintiff has 16 submitted photographic evidence to this effect. Id. at 2-8.

Plaintiff’s credible proffer that 17 the vehicle in dispute has been threatened with repossession by Defendant—despite a 18 pending adjudication with no ruling on the merits—is unacceptable conduct. 19 While this Court has the inherent authority to retain control over the instant case to 20 the extent necessary to prevent a complete breakdown of the arbitration process, *Morris*, 21 942 F.2d at 653, including by lifting the stay and ensuring that the parties may return to 22 federal court if the circumstances reflect that arbitration has broken down, has failed to 23 resolve the dispute, *Spizzirri*, 601 U.S. at 477, or as here, has failed to be initiated within a 24 reasonable amount of time, the Court finds that the prudent determination in this case is to 25 order the parties to abide by the Court’s Order to Stay Arbitration (ECF No. 18).

The Court 26 further orders both parties to abide by the terms of the operative contract and applicable 27 28 1 law (ECF No. 10-1 at 5-6, 12-14), and to initiate and engage in arbitration in good faith. 2 The Court ORDERS the parties to initiate arbitration by November 25, 2025, and the 3 parties shall file a Joint Status Report by December 2, 2025 on the status of the arbitration.

4 II. Plaintiff’s Motion for Sanctions 5 Plaintiff raises two motions for sanctions against Defendant. ECF Nos. 24, 25. In 6 the first motion, Plaintiff argues that Defendant missed the briefing deadline set by the 7 Court to respond to Plaintiff’s motion to lift the stay. ECF No. 24 at 1-2. Plaintiff contends 8 that Defendant failed to respond to the May 31, 2025 deadline the Court had set in its 9 briefing order.

Id. Defendant responds, and the Court agrees, that Defendant properly 10 complied with the Court’s order by filing its response in opposition to Plaintiff’s motion to 11 lift the stay on May 30, 2025. See ECF No. 23 and ECF No. 26 at 2.

As a result, Plaintiff’s 12 motion for sanctions in ECF No. 24 is DENIED. 13 In the second motion, Plaintiff argues that Defendant has harassed him by numerous 14 calls and a letter threatening repossession of his car. ECF No. 25 at 1-2. Plaintiff contends 15 that, instead of responding to the multiple efforts Plaintiff has made to advance the case in 16 arbitration, Defendant has attempted to obtain a favorable outcome through direct and 17 harassing communications with Plaintiff.

Id. Plaintiff’s proffer includes both an email 18 allegedly from Defendant indicating that Plaintiff’s car may soon be repossessed, and 19 multiple voicemails Plaintiff has represented as being harassing in nature. Id. at 3-8. 20 Defendant has not responded to Plaintiff’s second motion

for sanctions on the nature of its 21 communications with Plaintiff, who proceeds pro se in this matter.

22 23 24 2 The intent of Congress in the passage of the Federal Arbitration Act was “to move the 25 parties to an arbitrable dispute out of court and into arbitration as quickly and easily as possible.” Spizzirri, 601 U.S. at 478 (citation omitted).

The present status of the case, 26 more than a year since the motion to compel arbitration was granted, does not reflect 27 “efficient” or “expeditious” progress in the matter as a result of the Court’s decision to grant Defendant’s motion to compel arbitration and stay the case pending the arbitration 28 1 Federal courts maintain “the inherent power to impose sanctions for the bad-faith 2 conduct” of the parties.

Chambers v. NASCO, Inc., 501 U.S. 32, 46 (1991). The courts’ 3 inherent power may include, and reach beyond, Federal Rule of Civil Procedure 11 in order 4 to address sanctionable conduct by the parties. Id. at 50-51.

Before determining “that the 5 requisite bad faith exists,” courts must allow the opposing party notice and the opportunity 6 to respond. Id. at 50. The Court’s authority to issue sanctions and preserve property while 7 a matter is stayed pending arbitration derives from the federal court’s supervisory role over 8 a stayed action, when arbitration has broken down or where a failure of initiation exists.

9 See Morris, 942 F.2d at 653-654 (finding that, after entering a stay, a federal court may 10 “retain control over the case to the extent necessary to prevent a complete breakdown of 11 the process,” and finding that “the ability of a party to preserve property in the event of a 12 future judgment lien” would be within the district court’s jurisdiction, not the arbitrator’s).

13 As a result of the Court’s order to re-direct parties to arbitration, see Sec. I, pp. 6-7, 14 the Court DENIES without prejudice Plaintiff’s second motions for sanctions. In the event 15 arbitration is not commenced by November 25, 2025, the Court, absent good cause for 16 delay in its commencement as presented in a Join Status Report ordered to be filed in this 17 matter, will grant the motion to lift the stay and retain jurisdiction over the entirety of the 18 case.

At that time, the Court will address Plaintiff’s second motion for sanctions after 19 providing Defendant with an opportunity to respond. 20 /// 21 /// 22 23 24 25 26 27 28 I CONCLUSION 2 Accordingly, IT IS HEREBY ORDERED that: 3 1. Plaintiff’s motion to lift the stay in ECF No. 19 is DENIED without prejudice; 4 2. Plaintiff’s first motion for sanctions in ECF No. 24 is DENIED; 5 3.

Plaintiff’s second motion for sanctions in ECF No. 25 is DENIED without 6 prejudice; 7 4. The parties shall meet and confer on or before October 17, 2025 regarding the 8 procedures and dates

of arbitration in order to initiate arbitration of the instant 9 matter no later than November 25, 2025; and 10 5.

The parties shall file a Joint Status Report regarding the status of arbitration and 11 compliance with the Court's order compelling arbitration by December 2, 2025. 12 13 IT IS SO ORDERED. 14 '> | DATED: September 29, 2025 | | | } 16 JOHN A. HOUSTON 18 / UNITED STATES DISTRICT JUDGE 19 20 21 22 23 24 25 26 27 28